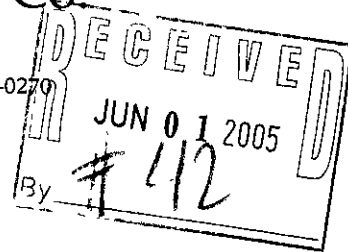


Union Bank & Trust Co.

Southeast Arkansas' Financial Center

P.O. Box 270, Monticello, Arkansas 71657-0270



May 26, 2005

Jennifer J. Johnson, Secretary Docket No. OP-1227
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551


Robert E. Feldman, Executive Secretary
Attn: Comments, Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: Proposal to Change Loan Classification
 FIL-22-2005
 March 28, 2005

Union Bank & Trust Company is not in agreement with the proposal to change Loan Classification. We feel that our current system of "special mention", "substandard" and "doubtful" is one all banks understand as well as it is terminology used and understood by our regulators and auditors. If this change was implemented it would cause vast confusion among our industry. In addition the new system would be more complex and extremely burdensome to our bank and to all smaller institutions.

Again, we are against this proposed change and ask that you not implement this new system.

Sincerely,



Zach McClendon
Chairman, President and CEO

ZM:ww

CC: Reathel Harris - Sr. Vice President/CFO
 Phillip Privett - Sr. Vice President/Lending
 Scott Saffold - Vice President Commercial Lending

Main Office
P.O. Box 270
Monticello, AR 71657-0270
460-6400

University Office
P.O. Box 270
Monticello, AR 71657-0270
460-6413

Wilmar Office
P.O. Box 87
Wilmar, AR 71675-0087
469-5941

Warren Office
400 North Main
Warren, AR 71671-2123
226-2035

Wal-Mart Office
P.O. Box 270
Monticello, AR 71657-0270
460-6402